

Message Text

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41

ACTION NEA-12

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 ISO-00 EB-11 COME-00

CIEP-02 SCEM-02 TRSE-00 OMB-01 INT-08 SSO-00 NSCE-00

USIE-00 INRE-00 CIAE-00 DODE-00 PM-07 H-03 INR-10

L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

ACDA-19 IO-14 DRC-01 /195 W
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O R 041335Z NOV 73

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC IMMEDIATE 8022

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

USINH ALGIERS

USMISSION OECD PARIS

C O N F I D E N T I A L KUWAIT 3934

BEIRUT PASS BAGHDAD

E.O. 11652: GDS

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TAGS: ENRG EFIN KU XF

SUBJ: OPEC AND OAPEC MEETINGS

REF: KUWAIT 3918 (NOTAL)

SUMMARY: GULF OPEC MINISTERS MET HERE NOV 3 AND AGREED ON NEW PRICING FORMULA. GROUP ALSO DISCUSSED PROBLEMS OF INFLATION AND ROLE OF CONSUMERS. NEXT MEETINGS WILL BE IN VIENNA AND COMPANIES WILL TAKE PART AT NOV 17 SESSION. IMMEDIATELY FOLLOWING OPEC SESSION, OAPEC REPRESENTATIVES CONVENED TO REVIEW ARAB PRODUCTION LIMITATION AND EMBARGO MEASURES. MEETING EXPECTED TO RESULT IN CLARIFICATION OF WHO ARE BLACKLISTED STATES FOR PURPOSES OF EMBARGO. END SUMMARY

1. GULF OIL MINISTERS HAVE CONCLUDED FOLLOW-ON MEETING TO OCT 16 SESSION ON PRICES. SIX GULF PRODUCERS INCLUDING IRAN REACHED AGREEMENT ON NEW PRICING FORMULA ACCORDING VERY BRIEF RADIO KUWAIT BROADCAST BUT NO DETAILS HAVE YET BEEN MADE PUBLIC. RADIO REPORT DID NOTE PRODUCING COUNTRIES WILL TAKE INTO ACCOUNT COMPANIES POINTS OF VIEW AT MEETING BETWEEN GOVERNMENTS AND COMPANIES IN VIENNA NOV 17.

2. AMBASSADOR WAS TOLD OPEC MINISTERS DISCUSSED WAYS TO DEFINE MARKET PRICE ON WHICH POSTED PRICES WILL BE BASED AND SEVERAL ALTERNATIVES WERE CONSIDERED. THIS IN TURN LED TO CONSIDERATION OF PROBLEMS OF EXPORTED AND IMPORTED INFLATION. OPEC MINISTERS APPARENTLY SHARE SOME CONCERN OR AT LEAST INTEREST OVER CONSUMER PROBLEMS AND THEY ARE COMING TO BELIEVE (AS ARE OTHER PROMINENT LOCAL OIL MEN) THAT EVENTUALLY SOME MEANS OF, PRESUMABLY INSTITUTIONALIZED OR FORMALIZED, COMMUNICATION OVER OIL PRICES BETWEEN OIL PRODUCERS AND OIL CONSUMERS WILL BE NECESSARY. CERTAIN OPEC MEMBERS WILL STUDY THESE POINTS FURTHER AND GROUP WILL MEET AGAIN IN VIENNA NOV 16 TO REVIEW FINDINGS.

3. HASTILY CALLED OAPEC MINISTERIAL MEETING CURRENTLY TAKING PLACE IMMEDIATELY FOLLOWING OPEC SESSION DESCRIBED ABOVE. MAIN PURPOSE OF MEETING APPARENTLY IS TO REVIEW RESULTS OF ARAB OIL PRODUCTION LIMITATIONS AND EMBARGOES. THERE IS LOCAL SPECULATION THAT OAPEC STATES WILL SPELL OUT WHO FAVORED AND UNFAVORED NATIONS ARE AS WELL AS THOSE ON BORDERLINE. ACCORDING TO INFO PROVIDED BY SAG TO JAPANESE OWNED ARABIAN OIL COMPANY, A JOINT CONFIDENTIAL

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KUWAITI-SAUDI CONCESSIONAIRE, BLACK LISTED COUNTRIES ARE: US, HOLLAND, CANADA, SOUTH AFRICA, BAHAMAS, GUAM, NETHERLANDS ANTILLES, TRINIDAD, PUERTO RICO AND SOUTH YEMEN.

4. NOT CLEAR WHETHER OAPEC WILL CALL FOR TIGHTER CONTROLS, BUT ABU DHABI OIL MINISTER OTAIBA WAS QUOTED IN LOCAL PRESS AS SAYING ARABS WILL CUT OIL SUPPLIES TO COUNTRIES RE-EXPORTING PETROLEUM TO US OR HOLLAND. WILL REPORT FURTHER DETAILS AS SOON

AS THEY BECOME AVAILABLE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EMBARGOES, MEETINGS, ECONOMIC CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973KUWAIT03934
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731156/aaaaboui.tel
Line Count: 117
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: KUWAIT 3918 (NOTAL)
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 14 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Nov-2001 by willialc>; APPROVED <10-Dec-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPEC AND OAPEC MEETINGS
TAGS: ENRG, EFIN, KU, XF, OPEC, OAPEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005